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BULGARIA

Key Economic Indicators

(Billions of U.S. dollars unless otherwise indicated)

	1999	2000	2001 1/
Income, Production and Employment:			
Nominal GDP 2/	12.4	12	13
Real GDP Growth (pct)	2.4	5.8	5
GDP by Sector: 3/			
Agriculture	1.9	1.5	N/A
Manufacturing	2.9	2.9	N/A
Services	6.1	6.1	N/A
Government	3.8	3.3	N/A
Per Capita GDP (US$)	1,510	1,459	1,634
Labor Force (000s)	3,819	3,831	3,823
Unemployment Rate (pct) 4/	13.8	18.1	16.8
Money and Prices (annual percentage growth):			
Money Supply Growth (M2)	5.3	15.7	15.6
Consumer Price Inflation	6.2	11.4	3.4
Exchange Rate (Leva/US$ annual average) 5/			
Official	1.8	2.1	2.2
Parallel	N/A	N/A	N/A
Balance of Payments and Trade:			
Total Exports FOB	4.0	4.8	5.1
Exports to United States (US$ millions) 6/	147	189	225
Total Imports CIF	5.1	5.9	6.5
Imports from United States (US$ millions)6/	194	191	215
Trade Balance	-1.1	-1.2	-1.4
Balance with United States (US$ millions) 6/	-47	-2	10
External Public Debt	9.4	9.2	8.2
Fiscal Deficit/GDP (pct)	0.9	1.1	1.5
Current Account Balance/GDP (pct)	-5.4	-5.8	-5.2
Debt Service Payments/GDP (pct)	8.4	9.8	9.9
Gold and Foreign Exchange Reserves	3.5	3.4	3.2
Aid from United States (US$ millions) 7/	38.8	64.6	51.1
Aid from All Other Sources (euro millions) 8/	113.6	93.7	277

1/ 2001 figures are annualized Bulgarian National Bank (BNB) estimates based on six to nine months of historical data, unless otherwise stated. All are calendar years. Figures for 1999 and 2000 are official.

2/ GDP and GDP per capita as measured in U.S. dollars declined between 1999 and 2000 due to changes in the exchange rate.

3/ Sectoral GDP data is unavailable, but gross value added by sector is provided for 1999 and 2000.

4/ Annual average.

5/ The CBA is pegged to the EUR. Therefore, the exchange rate reflects the EUR/$ rate. Parallel exchange rate does not exist in Bulgaria as exchange rates were liberalized in February 1991, according to the BNB.

6/ For January to June 2001, exports to the United States were $131 million; imports amounted to $119 million. Source: National Statistics Institute.

7/ Both U.S. Agency for International Development (USAID) and Department of Defense (DOD) provided assistance. For Fiscal 2001, USAID assistance includes $36 million in Southeast Europe enterprise Development (SEED) money, primarily for economic restructuring, democracy building, support for the social sector, and improving laws and law enforcement. For Fiscal 2001, total DOD assistance is projected at $15.1 million. For Fiscal 2000, total DOD assistance totaled $6.8 million ($10.4 million in Fiscal 1999).

8/ Assistance provided by the European Union. The Phare program extended 865.5 million euro between 1989-1999. From 2000 onwards, EU assistance includes two new programs: Instrument for Structural Policies for Pre-Accession (ISPA) providing between 83 million and 125 million euro and Special Accession Program for Agriculture and Rural Development (SAPARD) providing 52 million euro.

1. General Policy Framework

Parliamentary elections in June 2001 resulted in the defeat of the government of Prime Minister Ivan Kostov and his Union of Democratic Forces (UDF) and its replacement by a coalition government led by former king (now Prime Minister) Simeon Saxe-Coburg. The coalition consists of the newly-formed National Movement Simeon II (NMSS), which holds exactly half of the seats in the National Assembly, and the predominantly ethnic-Turkish Movement for Rights and Freedoms (MRF). Despite its substantial progress on far-reaching economic reform, Kostov's government fell due to popular discontent with persistently high unemployment, low incomes, and perceived corruption. The new government is committed to maintaining stable macroeconomic policies, continuing privatization, attracting foreign investment, and achieving membership in NATO and the EU. Key economic portfolios in the new government are held by young, Western-trained and -experienced reformers.

Following a severe economic crisis in 1996 and early 1997, the Bulgarian government and the International Monetary Fund (IMF) devised a stabilization program centered on a currency board arrangement (CBA), which succeeded in stabilizing the economy. The CBA provides that the Bulgarian National Bank (BNB) must hold sufficient foreign currency reserves to cover all domestic currency (leva) in circulation, including the leva reserves of the banking system. The BNB can only refinance commercial banks in the event of systemic risk to the banking system.

In August 2001, the government proposed an economic program including: elimination of tax for reinvested business profits, reduction in individual income tax rates, a 17 percent boost in the minimum wage to 100 leva ($47) per month, doubling the child subsidy to $7.50 per month, hikes in residential energy prices, reform of customs to improve collection and fight corruption, reform and centralization of the privatization process, cuts in administrative personnel, and a business loan fund. During negotiations on a new stand-by agreement the IMF expressed concern over the potential loss of tax revenue and wants the government to maintain a budget deficit of less than 0.5 percent of GDP.   With a potentially worsening international economic situation following the September 11 events, the government is reducing its growth estimates, facing less flexibility in policy choices, and reportedly scaling back its tax cut proposals.

In 2000, the government ran a budget deficit of 1 percent of GDP, a figure expected to rise slightly to 1.5 percent of GDP in 2001 due to the government's tax policy aimed at stimulating higher economic growth and job creation coupled with increases in civil servants' wages and pensions. Between January and September 2001, the government ran a budget deficit of BGN 182 million or about 0.6 percent of the projected 2001 GDP. Foreign investment inflows rose to a record US$1.0 billion in 2000. With delays in some large privatization deals, foreign direct investment amounted to US$ 410 million in the first half of 2001. The economy as a whole grew by a faster-than-expected 5.8 percent in 2000. In addition, the true size of the economy is as much as 20 to 30 percent larger than that reported by official statistics, which do not include the informal or shadow economy. However, economic growth, particularly in Bulgaria's private sector, has not been rapid enough to prevent a rise in unemployment, which reached 18 percent in 2000. The Bulgarian government projects sustained economic growth of four to five percent annually over the next few years. In the first half of 2001, GDP grew by 4.8 percent over the same period in 2000.

With two-way trade in goods and services accounting for over 90 percent of GDP, Bulgaria is very sensitive to changes in the world economy and global prices. Over half of Bulgaria's trade is directed toward Western and Central Europe. Bulgaria's association agreement with the European Union (EU) took effect January 1, 1994, and Bulgaria began EU accession negotiations in 2000. A bilateral investment treaty with the United States took effect in July 1994.

2. Exchange Rate Policy

Bulgaria redenominated the currency on July 5, 1999, replacing 1000 old leva (BGL) with one new lev (BGN). Until January 1, 1999, the CBA fixed the exchange rate at 1000 old leva to one German mark. Since then, the lev has been pegged to the euro at the rate of 1,955.83 old leva (now 1.95583 new leva) per euro. The Bulgarian National Bank (BNB) sets an indicative daily Dollar rate (based on the dollar/euro exchange rate) for statistical and customs purposes, but commercial banks and others licensed to trade on the interbank market are free to set their own rates.

Most commercial banks are licensed to conduct currency operations abroad. Companies may freely buy foreign exchange for imports from the interbank market. Bulgarian citizens and foreign persons may also open foreign currency accounts with commercial banks. Foreign investors may repatriate 100 percent of profits and other earnings; however, profits and dividends derived from privatization transactions in which Brady bonds were used for half the purchase price may not be repatriated for four years. Capital gains transfers appear to be protected under the revised Foreign Investment Law; free and prompt transfers of capital gains are guaranteed in the Bilateral Investment Treaty. A permit is required for hard currency payments to foreign persons for direct and indirect investments and free transfers unconnected with import of goods or services.

Bulgaria liberalized its foreign currency laws effective January 1, 2000. Bulgarian and foreign citizens may take up to BGN 5,000 ($2,200) or an equivalent amount of foreign currency out of the country without declaration. Regulations allow foreign currency up to BGN 20,000 ($8,700) to be exported upon written declaration. Transfers exceeding BGN 20,000 must have the prior approval of the BNB. Foreigners are permitted to export as much currency over the foreign currency equivalent of BGN 20,000 as they have imported into Bulgaria without prior approval. All these regulations remain in effect as of October 1, 2001.

3. Structural Policies

The government has implemented legal reforms designed to strengthen the country's business climate. Bulgaria has adopted legislation on foreign investment and secured lending, and is also making significant strides in regulation of the banking sector and the securities market. However, many businesspersons contend that unnecessary licensing, administrative inefficiency and corruption have hindered private business development. The government completed a review of licensing regimes and eliminated about 100 of these requirements in 2000. In April 2001, parliament amended the Law on International Commercial Arbitration to allow an international arbiter to participate in arbitration when a foreign-owned company is involved. However, the court would be in Bulgaria.

In 1998, Bulgaria reached agreement with the IMF on a three-year program of far-reaching structural reforms, particularly the privatization of state-owned enterprises (SOEs). In June 1999, the government satisfied its commitment to privatize or commence liquidation of a group of 41 of the largest loss-making SOEs, including the national airline. The privatization process has commenced for a number of large enterprises, including the Bulgarian Telecommunications Company, the state insurance company (DZI), a tobacco manufacturer (Bulgartabak), and others. As of September 2001, the Government of Bulgaria had sold approximately 79 percent of state assets destined for privatization. All banks except the State Savings Bank have either been sold or are in the privatization process. Parliament is expected to pass by the end of November 2001 a new Privatization Act aimed at increasing transparency, openness and effectiveness of the privatization process. This Act is expected to make all remaining SOEs (about 1,783 valued at 25 billion leva) available for privatization with the exception of some strategic enterprises such as the nuclear power plant (Kozloduy) and Bulgargas. The Act is also expected to abolish the existing privatization technique of negotiations with potential buyers, mandate privatization only through auctions and tenders, and eliminate all preferences in favor of controversial management-employee buyouts (MEBOs).

Bulgaria taxes value added, profits and income, and maintains excise and customs duties. In 1999, the government reduced the Value Added Tax (VAT) by two percentage points to 20 percent and the profits tax for large businesses by three percentage points to 27 percent. In 2000, the profits tax for large businesses was further reduced by two percentage points, the amount of non-taxable income for individuals was increased and voluntary VAT registration for businesses with turnover from BGN 50,000 to BGN 75,000 was introduced. In 2001, the government further cut the corporate profit tax rate, personal income tax and social security contribution rates by five percentage points, two percentage points and three percentage points, respectively.

4. Debt Management Policies

Bulgaria's democratically-elected government inherited an external debt burden of over $10 billion from the Communist era. In 1994, Bulgaria concluded agreements rescheduling official ("Paris Club") debt for 1993 and 1994, and $8.1 billion of its commercial ("London Club") debt. As of July 2001, gross external debt amounted to $9.96 billion and the Bulgarian government projects the debt to remain within the same range by the end of 2001. While debt to commercial creditors accounted for 58 percent of the total external debt, debt to official multilateral and bilateral creditors stood at 36 percent. In the coming years, the government hopes to reduce the ratio of foreign debt to GDP to 60 percent (derived from the Maastricht Criteria, but not an actual requirement for joining the EU or EMU), as a result of projected economic growth, limited net borrowing needs, and better debt management. The Bulgarian government has asked Paris Club creditors to swap official debt for infrastructure and environment projects.

Under the Extended Fund Facility (EFF), the IMF provided credits of about US$814 million. The government has sought additional external financing from the World Bank, the European Union, and other donors. World Bank lending to date comprises 27 projects for a total value of US$1.5 billion. In 1999, the World Bank disbursed a second FESAL of US$100 million and approved an Agricultural Structural Adjustment Loan worth US$75 million. In 2000, the World Bank approved an Environment and Privatization Support Adjustment Loan of US$50 million and Health Sector Reform Loan of US$63 million. Two new loans, an Education Modernization Loan of US$14 million and a Child Welfare Reform Loan of about US$8 million, became effective in 2001.

According to the Ministry of Finance, at the end of July 2001 aggregate government foreign debt, excluding guarantees, was US$ 8,176,400,000. Guarantees amounted to US$502.7 million. 64.7 percent of total debt and 67.3 percent of foreign debt were denominated in U.S.

dollars, according to the Finance Ministry. In addition, 73.4 percent of foreign debt had floating interest rates.

5. Significant Barriers to U.S. Exports

Bulgaria acceded to the World Trade Organization in 1996. Bulgaria acceded to the WTO Plurilateral Agreement on Civil Aircraft and committed to sign the Agreement on Government Procurement, though it has not yet done so. Bulgaria "graduated" from Jackson-Vanik requirements and was accorded unconditional Most Favored Nation treatment by the United States in October 1996.

Bulgaria's association agreement with the European Union phases out industrial tariffs between Bulgaria and the EU while U.S. exporters still face duties. This has created a competitive disadvantage for many U.S. companies. In July 2000 a bilateral agreement between the EU and Bulgaria came into force, reducing duties on some EU farm products to zero. In July 1998 Bulgaria joined the Central European Free Trade Area (CEFTA). Over the following three years, tariffs on 80 percent of industrial goods traded between CEFTA countries will be eliminated. A free trade agreement with Turkey took effect in January 1999 and a free trade agreement with Macedonia entered into force in January 2000.

In 1999, 2000, and 2001 average Bulgarian import tariffs were reduced significantly, and the government has committed to a further round of reductions in average most-favored-nation tariff rates. However, tariffs in areas of concern to U.S. exporters, including poultry legs and other agricultural goods and distilled spirits, are still relatively high. Overall, tariffs on industrial products range from zero to 30 percent (average tariff on industrial products is equivalent to 10 percent) and from about zero to 74 percent for agricultural goods (average tariff on agricultural goods is equivalent to 22 percent). In December 1998, Parliament revoked exemption from VAT and customs duties for capital contributions in kind valued at over $100,000. In the past, some investors have reported that high import tariffs on products needed for the operation of their establishments in Bulgaria were a significant barrier to investment.

The U.S. Embassy has no complaints on record that the import license regime has negatively affected U.S. exports. Licenses are required for a specific, limited list of goods including radioactive elements, rare and precious metals and stones, certain pharmaceutical products, and pesticides. Armaments and military-production technology and components also require import licenses and can only be imported by companies licensed by the government to trade in such goods. Trade in dual-use items is also controlled.

Customs regulations and policies are sometimes reported to be cumbersome, arbitrary, and inconsistent. Problems cited by U.S. companies include excessive documentation requirements, slow processing of shipments, and corruption. Bulgaria uses the single customs administrative document used by European Community members.

The State Agency on Standardization & Metrology is the competent authority for testing and certification of all products except pharmaceuticals, food, and telecommunications equipment. The testing and certification process requires at least one month. This agency shares responsibilities for food products with the Ministries of Agriculture and Health. The responsible authority for pharmaceuticals is the National Institute for Pharmaceutical Products in the Ministry of Health, which establishes standards and performs testing and certification and is also responsible for drug registration. Approval for any equipment interconnected to Bulgaria's telecommunications network must be obtained from the State Telecommunications Commission. The 1999 Law on Protection of Consumers and Rules of Trade regulates labeling and marking requirements. Labels must contain the following information in Bulgarian: quality, quantity, ingredients, certification authorization number (if any), and manner of storage, transport, use or maintenance.

Bulgaria is making an effort to harmonize its national standards with international standards. Bulgaria is a participant in the International Organization for Standardization and the International Electrotechnical Commission. Bulgaria is in the process of harmonizing 80 percent of its standards to European standards, in anticipation of joining the European Union. As of October 2001, Bulgaria has adopted 3,500 EU standards representing 40 percent of all applicable EU standards. Under the 1999 National Domestic Standards Act, all domestic standards are no longer mandatory. The major requirements for the safety of products are regulated in ordinances issued by the separate ministries in compliance with the respective EU directives. Bulgarian authorities expect to adopt 80 percent of the applicable EU standards by 2005.

All imports of goods of plant or animal origin are subject to European Union phytosanitary and veterinary control standards, and relevant certificates should accompany such goods. However, Bulgarian authorities have modified their national regulations to accept U.S. Department of Agriculture certificates.

As in other countries aspiring to membership in the European Union, Bulgaria's 1998 Radio and Television Law requires a "predominant portion" of certain programming to be drawn from European-produced works and sets quotas for Bulgarian works within that portion. However, this requirement will only be applied to the extent "practicable." Foreign broadcasters transmitting into Bulgaria must have a local representative, and broadcasters are prohibited from entering into barter agreements with television program suppliers.

Foreign persons cannot own land in Bulgaria because of a constitutional prohibition, but foreign-owned companies registered in Bulgaria are considered to be Bulgarian persons. Foreign persons may acquire ownership of buildings and limited property rights, and may lease land. Local companies where foreign partners have controlling interests must obtain prior approval (licenses) to engage in certain activities: production and export of arms/ammunition; banking and insurance; exploration, development and exploitation of natural resources; and acquisition of property in certain geographic areas.

There are no specific local content or export-performance requirements nor specific restrictions on hiring of expatriate personnel, but residence permits are often difficult to obtain. In its Bilateral Investment Treaty with the United States, Bulgaria committed itself to international arbitration in the event of expropriation, investment, or compensation disputes.

Foreign investors complain that tax evasion by private domestic firms combined with the failure of the authorities to enforce collection from large, often financially precarious, state-owned enterprises places the foreign investor at a real disadvantage.

In June 1999, Parliament adopted a new law on procurement replacing the 1997 Law on Assignment of Government and Municipal Contracts. This legislation defines terms and conditions for public orders and aims for increased transparency and efficiency in public procurement. However, bidders still complain that tendering processes are frequently unclear and/or subject to irregularities, fueling speculation on corruption in government tenders. U.S. investors have also found that in general neither remaining state enterprises nor private firms are accustomed to competitive bidding procedures to supply goods and services to these investors within Bulgaria. However, tenders organized under projects financed by international donors have tended to be open and transparent.

6. Export Subsidies Policies

The government currently applies no export subsidies. However, a 1995 law gave the State Fund for Agriculture the authority to stimulate the export of agricultural and food products through export subsidies or guarantees. The government does provide concessionary finance to agricultural producers for purchase of equipment and farming inputs.

7. Protection of U.S. Intellectual Property

Bulgarian intellectual property rights (IPR) legislation is generally adequate, with modern patent and copyright laws and criminal penalties for copyright infringement. Bulgarian legislation in this area is considered to be among the most modern in Central and Eastern Europe. Amendments to the Law on Copyright and Neighboring Rights adopted in March 2000 extended copyright protection to 70 years, and introduced a new neighboring right for film producers, provisional measures to preserve evidence of IPR infringement, and special border measures. In September 1999, Parliament passed a series of laws on trademarks and geographical indications, industrial designs, and integrated circuits.

Until recently, Bulgaria was the largest source of compact-disk and CD-ROM piracy in Europe and was one of the world's leading exporters of pirated goods. For this reason, Bulgaria was placed on the U.S. Trade Representative's Special 301 Priority Watch List in January 1998. In 1998, enforcement improved considerably with the introduction of a CD-production licensing system. In recognition of the significant progress made by the Bulgarian government in this area, the U.S. Trade Representative removed Bulgaria from all Watch Lists in April 1999.

Bulgaria is a member of the World Intellectual Property Organization (WIPO) and a signatory to the following agreements: the Paris Convention for the Protection of Intellectual Property; the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcast Organizations; the Geneva Phonograms Convention; the

Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods; the Madrid Agreement on the International Classification and Registration of Trademarks; the Patent Cooperation Treaty; the Universal Copyright Convention; the Berne Convention for the Protection of Literary and Artistic Works; the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration; the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purpose of Patent Protection; the Nairobi Treaty on the Protection of the Olympic Symbol, the International Convention for the Protection of New Varieties of Plants; the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks; the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks; the Strasbourg Agreement Concerning the International Patent Classification; and the Locarno Agreement Establishing an International Classification for Industrial Designs. On acceding to the WTO, Bulgaria agreed to implement the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) without a transitional period. In January 2001, the Bulgarian parliament ratified the WIPO "Internet" treaties, the WIPO Copyright Treaty and the WIPO Performance and Phonograms Treaty.

Pharmaceuticals manufacturers note that Bulgaria has not introduced data exclusivity or supplementary patent protection in line with the Agreement on TRIPS and the EU Association Agreement. The industry further claims that drug pricing and reimbursement procedures are not transparent. These companies also report that enforcement of patent rights for their products is ineffective. The Bulgarian government has also proposed amendments strengthening protection for pharmaceutical tests.

Software piracy continues to be a problem, although an industry legalization campaign, which began in 1999, has made dramatic gains against unauthorized software. Local software industry representatives report that, with good cooperation from Bulgarian law enforcement authorities, the campaign has brought the piracy rate down to approximately 80 percent of the market. Thanks to improvements in enforcement and the legal regime, audiovisual piracy has decreased dramatically since 1998.

U.S. industries report that lack of effective judicial remedies for infringement of intellectual property rights is a barrier to investment. U.S. companies have also cited illegal use of trademarks as a barrier to the Bulgarian market.

8. Worker Rights

a. *The Right of Association:* The 1991 Constitution provides for the right of all workers to form or join trade unions of their choice. This right has apparently been freely exercised. Estimates of the unionized share of the work force range from 30 to 50 percent. There are two large trade union confederations, the Confederation of Independent Trade Unions of Bulgaria (CITUB) and Podkrepa, which between them represent the overwhelming majority of unionized workers. Although there are other legally registered unions, only CITUB and Podkrepa have the status of "social partners" with the right to participate in the Tripartite Councils that were strengthened as part of the institution of the Currency Board. The unions attained this status through a legislated census, the results of which were announced on December 1998. The next census is scheduled to take place in early 2002.

The 1986 Labor Code recognizes the right to strike when other means of conflict resolution have been exhausted, but "political strikes" are forbidden. Workers in essential services (military, police, energy, health-care, post services, and judiciary) are also subject to a blanket prohibition from striking. However, Podkrepa has complained that a 1998 law denying workers the right to appeal government decisions on the legality of strikes is unconstitutional and violates an ILO convention. Both labor unions challenged the legality of the definition of essential services and they have contacted the ILO to investigate the legality of blanket restrictions on the right to strike for workers in the health, transportation, and energy sectors. The Labor Code's prohibitions against antiunion discrimination include a six-month period of protection against dismissal as a form of retribution. There are no restrictions on affiliation or contact with international labor organizations, and unions actively exercise this right.

b. *The Right to Organize and Bargain Collectively:* The Labor Code institutes collective bargaining on the national and local levels. The legal prohibition against striking by key public sector employees weakens their bargaining position. However, these groups have been able to influence negotiations by staging protests and engaging in other pressure activities without going on strike. Labor unions have complained that while the legal structure for collective bargaining was adequate, many employers failed to bargain in good faith or to adhere to concluded agreements. Labor observers viewed the government's enforcement of labor contracts as inadequate. The backlog of cases in the legal system delayed redress of workers' grievances. The same obligation of collective bargaining and adherence to labor standards prevails in the export processing zones.

c. *Prohibition of Forced or Compulsory Labor:* The constitution prohibits forced or compulsory labor. As of September 2000, construction battalions in the armed forces have been terminated.

d. *Minimum Age of Employment of Children:* The Labor Code sets the minimum age for employment at 16, and 18 for dangerous work. The Ministry of Labor and Social Welfare (MLSW) is responsible for enforcing these provisions. Child labor legislation conforms to ILO Convention 182, ratified June 17, 2000, by Bulgaria, and EU standards. However, low funding and other pressing economic priorities hamper effective child labor law enforcement, compilation of adequate government statistics, and public awareness campaigns. The shadow economy fosters child labor violations. Observers have estimated that between 50,000 and 100,000 children under 16 are illegally employed in Bulgaria, and the problem appears to be growing due to persistent high unemployment and low wages for adults, particularly in rural areas.

e. *Acceptable Conditions of Work:* The national monthly minimum wage equates to approximately $47. Delayed payment of wages continues to be a problem with certain employers in Bulgaria. The constitution stipulates the right to social security and welfare aid assistance for the temporarily unemployed, although in practice such assistance is often late. The

Labor Code provides for a standard workweek of 40 hours with at least one 24-hour rest period per week. The MLSW is responsible for enforcing both the minimum wage and the standard workweek. Enforcement has been generally effective in the state sector, but is weaker in the emerging private sector.

Under the Labor Code, employees have the right to remove themselves from work situations that present a serious or immediate danger to life or health without jeopardizing their continued employment. In practice, refusal to work in such situations would result in loss of employment for many workers. The 1998 Law on Safety and Health Conditions regulates health and safety standards in the workplace and requires all employers to introduce minimum health and safety standards by the end of 2001. During this three-year phase-in period, employers that do not provide the minimum health and safety standards in the workplace are obliged to pay an added remuneration to workers. The Law mandates that all factories that do not provide the minimum health and safety standards should be shut down and requires that employers establish joint employer/labor committees to monitor health and safety issues.

f. *Rights in Sectors with U.S. Investment:* Conditions do not significantly differ in the few sectors with a U.S. presence.

Extent of U.S. Investment in Selected Industries -- U.S. Direct Investment Position Abroad on an Historical Cost Basis **--** 2000

(Millions of U.S. Dollars)

Category		Amount
Petroleum		1
Total Manufacturing		31
Food & Kindred Products	(D)	
Chemicals & Allied Products	0	
Primary & Fabricated Metals	(D)	
Industrial Machinery and Equipment	0	
Electric & Electronic Equipment	0	
Transportation Equipment	0	
Other Manufacturing	10	
Wholesale Trade		0
Banking		0
Finance/Insurance/Real Estate		0
Services		0
Other Industries		2
TOTAL ALL INDUSTRIES		33

(D) Suppressed to avoid disclosing data of individual companies.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.